

For Immediate Release: Thursday, January 21, 2010

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Chairman Lynch Introduces FEHBP Prescription Drug Integrity, Transparency, and Cost Savings Act

Legislation will enhance federal oversight of FEHBP prescription drug benefits to maximize savings and increase transparency

WASHINGTON, D.C. – Rep. Stephen F. Lynch, Chairman of the Subcommittee on Federal Workforce, Postal Service, and the District of Columbia, introduced H.R. 4489, the *FEHBP Prescription Drug Integrity, Transparency, and Cost Savings Act*, to significantly strengthen federal oversight of the prescription drug benefits available to federal employees through the Federal Health Benefits Program (FEHBP).

Specifically, the *FEHBP Prescription Drug Integrity, Transparency, and Cost Savings Act* provides the Office of Personnel Management (OPM) greater oversight authority of the FEHBP's prescription drug contracting and pricing methods in order to better ensure that federal workers are receiving the best benefits at the best price.

Among the strong oversight provisions included in the legislation is a requirement that Pharmacy Benefit Managers (PBMs), who currently contract with individual insurance plans to provide FEHBP prescription drug benefits, return 99% of all rebates, market share incentives, and other monies received from pharmaceutical manufacturers for FEHBP business.

In addition, the legislation would prohibit “drug switching” without prior physician approval, impose new disclosure and transparency requirements on PBMs in line with industry trends, and cap prescription drug prices paid by the FEHBP at the amount of the Average Manufacturer Price (AMP).

“In the midst of rising health care costs and a national debate on how best to reduce health care

costs, it's important that we ensure that the FEHBP is providing our federal employees with the best value for their prescriptions," said Chairman Stephen F. Lynch. "Through strong oversight provisions that allow for alternative prescription drug benefit contracting and pricing for the FEHBP, my legislation will serve to enhance accountability and transparency relating to the FEHBP prescription drug benefit.

Also, the

FEHBP Prescription Drug Integrity, Transparency, and Cost Savings Act

will safeguard against the potential waste, fraud, and abuse of taxpayer dollars, and most importantly, better ensure that our federal workers and retirees are receiving safe, high-quality, and low-cost prescription drugs."

H.R. 4489, the *FEHBP Prescription Drug Integrity, Transparency, and Cost Savings Act*, has received the support of several key FEHBP stakeholders, including Change to Win, a six million-member partnership of labor organizations, including the International Brotherhood of Teamsters, the Service Employees International Union, and the United Food and Commercial Workers International Union, that is committed to ensuring that America's working families have access to affordable and quality health care.

"Employers across the country have seen huge benefits from adopting transparent, accountable PBM contracts," said Anna Burger, chair of Change to Win. "The federal government should be at the forefront of implementing these cost-saving measures, and the bill introduced today by Representative Lynch is an important step in this direction.

The bill will help ensure the federal government and its employees get a fair deal on a crucial part of health care coverage."

Further, Jonathan Boehm, President and CEO of Argus Health Systems, Inc., one of the nation's largest pharmacy benefit administrators, contends that, "The effective management of pharmacy benefits is fundamental to reducing prescription drug costs and improving the quality of Health Care outcomes in both the public and private sector. Effective management of this benefit is dependent upon transparent access to the relevant information. Transparency allows understanding regarding the magnitude and sources of payments made to a PBM on behalf of a health plan and is critical to managing the pharmacy benefit. Any action that improves transparency for OPM and other payers will help curtail the rising prescription drug costs in the Federal Employee Health Benefits Program."

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